

JUN 8 1959

PROSPECTUS

of

GRAND UNION INVESTMENTS LIMITED

(Incorporated under the laws of Ontario)

with respect to its

6% REDEEMABLE BONDS**TABLE OF CONTENTS****PAGE**

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September 15, 1958

GRAND UNION INVESTMENTS LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT AUGUST 30, 1958

ASSETS

DEMAND LOAN RECEIVABLE — Carroll's Limited	\$100,000.00
INCORPORATION AND ORGANIZATION EXPENSE — (Estimated)	1,000.00
	<u>\$101,000.00</u>

LIABILITIES

ACCOUNTS PAYABLE — (Estimated)	\$ 1,000.00
CAPITAL STOCK	
Authorized and Issued	
100,000 Shares of a Par Value of \$1.00 each	100,000.00
	<u>\$101,000.00</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) R. F. DeWEESE, *Director*

(Signed) J. H. MILBANK, *Director*

AUDITORS' REPORT TO THE DIRECTORS

To the Directors,
Grand Union Investments Limited,
Toronto, Canada.

We have examined the Balance Sheet of Grand Union Investments Limited as at August 30, 1958. All our requirements as auditors have been complied with and we have obtained all the information and explanations we have required.

In our opinion the accompanying Balance Sheet presents fairly the financial position of the Company as at August 30, 1958. The Company was incorporated on June 26, 1958 and no profit or loss has been incurred from operations for the period from incorporation to August 30, 1958.

Hamilton, Ontario, September 15, 1958.

(Signed) COOPERS & LYBRAND,
Chartered Accountants.

OPINION OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To THE GRAND UNION COMPANY,
East Paterson, N. J.

We have examined the consolidated balance sheet of The Grand Union Company and its subsidiaries as of March 1, 1958 and the related statements of income and retained earnings and of capital surplus for the three fiscal periods then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records of the companies and such other auditing procedures as we considered necessary in the circumstances. We were furnished with the financial statements of certain domestic subsidiaries, together with opinions thereon of other accountants.

In our opinion, based upon our examination and upon the above mentioned opinions of other accountants, the accompanying financial statements present fairly the consolidated financial position of The Grand Union Company and its subsidiaries at March 1, 1958 and the results of their operations for the three fiscal periods then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

We have previously made examinations, similar in scope to that indicated above, of the consolidated financial statements of The Grand Union Company and its subsidiaries for the fiscal periods ending in 1949 to 1955, inclusive. We have examined the Summary of Earnings for the fiscal periods ending in 1949 through March 1, 1958, inclusive, and, in our opinion, based upon our examinations and upon the above-mentioned opinions of other accountants, it presents fairly the net income and other data shown therein for such fiscal periods in conformity with generally accepted accounting principles applied on a consistent basis, except as to the change in accounting for costs of leasehold improvements explained in Note 2 thereto, which change we approve.

(Signed) LYBRAND, ROSS BROS. & MONTGOMERY

New York, N.Y., September 15, 1958.

(Signed) J. P. SHIELD, Director
(Signed) T. C. BURRILL, Director

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

Consolidated Balance Sheet, March 1, 1958

ASSETS

Current assets:

Cash		\$ 8,780,994
Accounts receivable:		
Trade	\$ 339,648	
Other	2,215,896	
	<u>\$ 2,555,544</u>	
Less, Allowance for losses on doubtful accounts	94,424	2,461,120
Properties under construction, to be sold and leased back		3,943,751
Inventories, at the lower of cost or market (Note 2)		30,694,791
Total current assets		<u>\$45,880,656</u>
Investment in affiliated company, at cost (Note 3)		2,000,000

Fixed assets, at cost:

Warehouse and store properties (including land, \$3,704,040)	\$ 6,568,165	
Fixtures, machinery and equipment	36,845,716	
Leasehold improvements	8,299,656	
	<u>\$51,713,537</u>	
Less, Allowance for depreciation and amortization	13,533,709	38,179,828
Premiums advanced to customers, at cost less cost of credits	\$ 617,638	
Less, Allowance for losses	110,486	507,152
Other assets and deferred charges:		
Operating and construction supplies	\$ 690,008	
Prepaid rent	548,436	
Prepaid insurance	352,584	
Mortgage receivable	388,500	
Other	526,381	2,505,909
Cost of investments in subsidiaries over related net assets at dates of acquisition ..		<u>2,755,929</u>
		<u><u>\$91,829,474</u></u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) L. P. SHIELD, *Director*

(Signed) T. C. BUTLER, *Director*

The accompanying notes are an integral part of the financial statements.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

Consolidated Balance Sheet, March 1, 1958

LIABILITIES

Current liabilities:

Bank loans and acceptances payable	\$ 786,865
Promissory notes due within one year	650,000
Accounts payable, trade	15,116,184
Unredeemed trading stamps (current portion)	2,272,337
Provision for federal income taxes	5,169,337

Accrued liabilities:

Payroll and other compensation	\$ 1,740,326
Taxes, other than federal income taxes	842,282
Interest	134,081
Other	654,075

Total current liabilities \$27,365,487

Promissory notes payable after one year (Note 4)	16,887,500
3½% Convertible subordinated debentures, due 1969 (Note 5)	2,191,100
Mortgages payable after one year	477,665
Liability for unredeemed trading stamps, less estimated amount included in current liabilities	1,800,000
Other non-current liabilities	540,750
Reserve for self-insurance	244,036
	<u>\$49,506,538</u>

Lease Commitments (Note 8)

CAPITAL

4½% Cumulative preferred stock, \$50 par value, callable at \$52 per share; authorized 116,000 shares, issued 115,529 shares	\$ 5,776,450
Common stock, \$5 par value, authorized 4,000,000 shares, issued 2,180,815 shares (Note 6)	10,904,075
Capital surplus, as annexed	19,014,385
Earnings retained for use in the business (exclusive of amounts transferred to capital stocks and capital surplus), as annexed (Note 4)	6,829,319
	<u>\$42,524,229</u>
Less, Treasury stock, at cost (1,366 common shares, \$5,503; 4,540 preferred shares, \$195,790)	201,293
	<u>42,322,936</u>
	<u><u>\$91,829,474</u></u>

The accompanying notes are an integral part of the financial statements.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

	Fifty-two Weeks Ended March 1, 1958	Fifty-two Weeks Ended March 2, 1957	Fifty-three Weeks Ended March 3, 1956
Net sales	\$427,871,082	\$374,155,488	\$283,003,166
Cost of sales (Note 2)	341,904,912	300,532,296	229,442,899
Gross profit	<u>\$ 85,966,170</u>	<u>\$ 73,623,192</u>	<u>\$ 53,560,267</u>
Selling, general and administrative expenses (Note 11):			
Salaries, commissions and bonuses to employees in the sales departments	\$ 35,104,231	\$ 29,929,101	\$ 24,419,302
Advertising and other selling expenses	25,424,335	20,946,211	12,138,130
Rentals for retail outlets	5,399,448	4,290,406	3,260,007
Administrative and general expenses	5,401,554	5,772,030	4,565,257
Taxes, including social security, state and local	2,358,818	1,955,002	1,434,521
	<u>\$ 73,688,386</u>	<u>\$ 62,892,750</u>	<u>\$ 45,817,217</u>
	<u>\$ 12,277,784</u>	<u>\$ 10,730,442</u>	<u>\$ 7,743,050</u>
Other income	141,339	122,633	172,908
	<u>\$ 12,419,123</u>	<u>\$ 10,853,075</u>	<u>\$ 7,915,958</u>
Other deductions:			
Interest on promissory notes and debentures	\$ 698,848	\$ 579,012	\$ 522,647
Other interest	121,190	129,041	54,462
Miscellaneous	15,720	95,707	54,724
	<u>\$ 835,758</u>	<u>\$ 803,760</u>	<u>\$ 631,833</u>
	<u>\$ 11,583,365</u>	<u>\$ 10,049,315</u>	<u>\$ 7,284,125</u>
Provision for income taxes:			
Federal	5,623,000	4,818,335	3,696,000
Canadian	147,000	181,665	4,000
Net income	<u>\$ 5,813,365</u>	<u>\$ 5,049,315</u>	<u>\$ 3,584,125</u>

Reference is made to Supplementary Profit and Loss Information included in Note 10.

The accompanying notes are an integral part of the financial statements.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CAPITAL SURPLUS
AND RETAINED EARNINGS

CAPITAL SURPLUS	Fifty-two Weeks Ended March 1, 1958	Fifty-two Weeks Ended March 2, 1957	Fifty-three Weeks Ended March 3, 1956
Balance, beginning of period	\$ 14,599,728	\$ 9,547,414	\$ 4,199,728
Add:			
Excess of retained earnings capitalized in connection with stock dividends over the par value of shares issued	2,307,889	2,310,152	1,453,462
Excess of market over par value of shares of common stock issued in exchange for investments in subsidi- aries	1,679,383	2,119,205	1,797,625
Excess of principal amount of debentures converted to common stock over the par value of shares issued	272,934	462,726	1,712,806
Excess of amounts received over par value of shares of common stock issued under employees' stock option plans (Note 6)	154,451	160,231	383,793
Balance, close of period	<u>\$ 19,014,385</u>	<u>\$ 14,599,728</u>	<u>\$ 9,547,414</u>
 RETAINED EARNINGS			
Balance, beginning of period	\$ 5,589,960	\$ 4,690,378	\$ 4,088,409
Add, Net income per statement annexed	5,813,365	5,049,315	3,584,125
	<u>\$ 11,403,325</u>	<u>\$ 9,739,693</u>	<u>\$ 7,672,534</u>
Deduct, Dividends:			
On 4½% cumulative preferred stock, in cash	\$ 249,717	\$ 249,723	\$ 249,730
On common stock:			
In cash (without adjustment for stock dividends; for period ended in: 1958, \$.72 per share, 1957 and 1956; \$.60 per share)	1,514,685	1,145,598	962,994
In common stock, based on market price (for period ended in: 1958 and 1957, five per cent, 1956; four per cent)	2,809,604	2,754,412	1,769,432
	<u>\$ 4,574,006</u>	<u>\$ 4,149,733</u>	<u>\$ 2,982,156</u>
Balance, close of period (Note 4)	<u>\$ 6,829,319</u>	<u>\$ 5,589,960</u>	<u>\$ 4,690,378</u>

The accompanying notes are an integral part of the financial statements.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. The Company owns all the voting stocks of its subsidiaries and the consolidated financial statements include the accounts of all subsidiaries. In addition to the subsidiaries included in the statements for the fifty-three weeks ended March 3, 1956, the statements for the fifty-two weeks ended March 2, 1957 include the accounts of Shirlington Super Market, Inc. and its subsidiaries, Miller and Steinberg, Inc., and Food Center Supermarkets, Inc. and its subsidiaries, acquired during the year then ended. The statements for the fifty-two weeks ended March 1, 1958 include the statements of Champagne's Super Markets, Inc. acquired during the year then ended. The accounts of Canadian subsidiaries are translated into United States dollars at par except for fixed assets which are at the approximate rates in effect at the time of purchase.

At March 1, 1958, the Company's equity in the net assets of its subsidiaries, as shown by the books of the latter and after eliminating \$343,845 intercompany profits included therein, was \$349,671 more than its investments in such subsidiaries. In consolidation this amount was treated as follows:

Charged to cost of investments in subsidiaries over related net assets at dates of acquisition	\$2,755,929
Credited to:	
Earnings retained for use in the business	\$3,079,073
Furniture and fixtures	26,527
	<u>\$3,105,600</u>
	<u>\$ 349,671</u>

2. Cost of warehouse inventory and transfers from warehouses to retail outlets are determined on the basis of "average" or "first-in, first-out".

Cost of inventories at retail outlets and cost of retail sales are determined by the retail inventory method.

The amounts of the consolidated inventories at the beginning and end of the periods included in the consolidated statement of income were as follows:

February 26, 1955	\$17,795,372
March 3, 1956	21,967,945
March 2, 1957	26,746,000
March 1, 1958	30,694,790

3. Investment in affiliated company represents approximately 32% of the outstanding common stock of Eastern Shopping Centers, Inc., organized to acquire, develop and operate shopping centers. The net assets of Eastern Shopping Centers, Inc. at December 31, 1957 amounted to \$6,100,504.

4. Promissory notes payable after one year comprise:

\$1,600,000 due \$400,000 per annum commencing on December 1, 1959; interest $3\frac{3}{8}\%$ per annum.

\$1,800,000 due \$175,000 per annum commencing on February 1, 1960 and the balance of \$750,000 on February 1, 1966; interest 3% per annum.

\$3,000,000 due \$500,000 per annum commencing February 1, 1963; interest $3\frac{7}{8}\%$ per annum.

\$5,000,000 due \$400,000 per annum commencing February 1, 1964 and increasing to \$850,000 per annum commencing on February 1, 1969; interest at $3\frac{3}{4}\%$ per annum.

\$5,000,000 due \$400,000 per annum commencing July 1, 1966 and increasing to \$1,300,000 per annum commencing July 1, 1972; interest $5\frac{1}{8}\%$ per annum.

\$487,500 due \$37,500 semiannually commencing July 15, 1959; interest $4\frac{1}{2}\%$ per annum.

Certain of the note agreements and the debenture indenture contain provisions as to the maintenance of working capital and payment of cash dividends. The most restrictive of these provides that consolidated working capital may not be less than \$14,500,000 and that payments for net acquisitions of the Company's stocks and for cash dividends will be limited in the aggregate to 75% of the consolidated net earnings after March 2, 1957. Since March 2, 1957, 75% of the consolidated net earnings have exceeded such payments by approximately \$2,600,000.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

5. All outstanding debentures were called for redemption on June 26, 1958.
6. At March 1, 1958, options to purchase 204,670 shares of the Company's common stock were outstanding under employees' restricted stock option plans and 32,909 shares were available for future options. The options outstanding were granted to certain officers and employees as follows:

Shares	Dates Granted	Years Exercisable	Option Prices		Market Prices at Dates Granted	
			Per Share	Total	Per Share	Total
6,969	1/11/52	1952 to 1960	\$10.57	\$ 73,662	\$11.12	\$ 77,495
80	3/ 6/52	1952 to 1960	10.66	853	11.21	897
1,742	6/ 4/53	1953 to 1960	10.95	19,075	11.52	20,068
9,747	11/ 4/54	1955 to 1960	18.31	178,468	19.28	187,922
6,450	5/ 5/55	1956 to 1960	23.65	152,542	24.89	160,540
1,745	1/19/56	1957 to 1960	27.85	48,598	29.30	51,128
3,162	3/29/56	1957 to 1960	27.79	87,872	29.25	92,488
130,462	5/24/56	1957 to 1965	28.29	3,690,770	28.81	3,758,610
16,572	3/ 8/57	1958 to 1965	26.03	431,369	26.43	437,998
5,776	7/ 2/57	1958 to 1965	28.86	166,695	30.38	175,475
21,965	2/14/58	1959 to 1965	33.85	743,515	35.63	782,613

The above option prices represent 95% of market prices at the dates the options were granted, both option and market prices having been adjusted for subsequent stock dividends paid through March 1, 1958 and a two-for-one stock split May 26, 1955.

The following tabulations show data with respect to shares applicable to (a) options which became exercisable (excluding shares applicable to options which were canceled), and (b) options which were exercised, during the periods shown. The number of shares exercisable and the related prices used in the following tabulations have been adjusted to reflect subsequent stock dividends paid through March 1, 1958 and a two-for-one stock split May 26, 1955:

	Fiscal Period Ended		
	Mar. 1, 1958	Mar. 2, 1957	Mar. 3, 1956
(a) Options which became exercisable:			
Number of shares	34,266	30,839	28,950
Option prices:			
Per share	\$27.35*	\$28.56*	\$14.48*
Total	\$ 937,175	\$880,762	\$ 419,196
Market prices at dates exercisable:			
Per share	\$36.10*	\$28.63	\$30.87
Total	\$1,237,003	\$882,921	\$ 893,760
(b) Options which were exercised:			
Number of shares	14,358	21,649	51,465
Option prices:			
Per share	\$15.76*	\$12.40*	\$12.46*
Total	\$ 226,240	\$268,476	\$ 641,118
Market prices on dates exercised:			
Per share	\$34.89*	\$34.10*	\$29.93*
Total	\$ 500,951	\$738,231	\$1,540,347

*Represents weighted average of prices at August 1 and/or February 1, which are the two dates during a fiscal year on which options may be exercised.

The Company makes no charge against income with respect to the above options.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

7. Subject to the right to discontinue at any time, the Company, its Canadian subsidiaries and certain of its domestic subsidiaries have employees' retirement plans to which both the employees and the companies contribute.

All contributions are committed in trust to independent trustees to be held for the exclusive benefit of employees who qualify as members or retired members under the plans. In general, employees are to be retired at age 65. The companies' annual gross cost of the plans, as revised, is estimated at approximately \$600,000 (subject to actual determination upon completion of the actuaries' review of the plans each fiscal year) of which approximately \$84,000 represents cost of prior service benefits which is borne entirely by the companies. It is the companies' intention to pay the remaining unpaid prior service benefit cost (estimated at \$460,000) over a period of 6 years.

8. The companies have 351 leases on store and warehouse properties expiring after February 28, 1961. The minimum annual rentals on such leases, not including real estate taxes or other expenses payable under the terms of certain of the leases, aggregate approximately \$7,430,000 of which \$1,670,000 applies to properties not yet in operation at March 1, 1958. Of the aggregate annual rentals, \$2,030,000 applies to leases expiring prior to March 1, 1968, and \$5,400,000 applies to leases expiring thereafter but prior to 1991.

9. The companies provide for depreciation of fixed assets by charges to income determined principally by the straight-line method. The annual charges for depreciation were equivalent to the following percentages of average depreciable assets:

Classification of Properties	Fiscal Period Ended		
	Mar. 1, 1958	Mar. 2, 1957	Mar. 3, 1956
Warehouse and store properties	2.59%	2.59%	2.63%
Machinery and equipment in warehouses and offices...	5.57%	5.64%	5.55%
Fixtures and equipment in stores	7.07%	6.81%	6.82%
Automobile equipment	20.98%	22.77%	22.16%

Maintenance and repair costs customarily are charged to operations when incurred.

Renewals of and betterments to owned properties are capitalized. Betterments to leased properties are capitalized and written off over the terms of the leases or the estimated useful lives of the betterments, whichever is shorter.

Allowances for depreciation are charged with the amount of accrued depreciation at the time properties are retired or otherwise disposed of, the profit or loss being credited or charged to income, except in the case of allowances received on autos and trucks traded in as part payment on new equipment. In such cases, any profit or loss is deducted from or added to the cost of new equipment.

Expenditures for patents are charged to income as incurred. The amounts so expended have not been material.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

Notes to Financial Statements (Continued)

10. Supplementary Profit and Loss Information:

Charged Directly to Profit and Loss

	To Cost of Sales	Other	Total
1. Maintenance and repairs:			
Fifty-two weeks ended March 1, 1958	\$388,442	\$1,387,168	\$1,775,610
Fifty-two weeks ended March 2, 1957	339,813	1,097,100	1,436,913
Fifty-three weeks ended March 3, 1956	269,314	960,447	1,229,761
2. Depreciation and amortization of fixed and intangible assets (or charges in lieu thereof):			
Fifty-two weeks ended March 1, 1958	304,044	3,033,224	3,337,268
Fifty-two weeks ended March 2, 1957	238,147	2,438,546	2,676,693
Fifty-three weeks ended March 3, 1956	174,160	1,865,972	2,040,132
3. Taxes, other than Federal income taxes (Note):			
Fifty-two weeks ended March 1, 1958	165,132	2,434,326	2,599,458
Fifty-two weeks ended March 2, 1957	137,433	1,974,552	2,111,985
Fifty-three weeks ended March 3, 1956	63,401	1,464,769	1,528,170
4. Management and service contract fees			None
5. a. Rents:			
Fifty-two weeks ended March 1, 1958	353,245	5,619,685	5,972,930
Fifty-two weeks ended March 2, 1957	341,558	4,436,490	4,778,048
Fifty-three weeks ended March 3, 1956	171,355	3,357,814	3,529,169
b. Royalties			None

Fiscal Period Ended

	Mar. 1, 1958	Mar. 2, 1957	Mar. 3, 1956
NOTE: The tax amounts consist of:			
Social security	\$1,318,092	\$1,078,241	\$ 841,156
State franchise, license, property and other taxes	1,281,366	1,033,744	687,014
Totals	<u>\$2,599,458</u>	<u>\$2,111,985</u>	<u>\$1,528,170</u>

11. During the fifty-two week period ended March 1, 1958, the Company essentially completed the decentralization of its control over store operations, resulting in an increase of approximately \$1,680,000, classified as sales department salaries and other selling expenses and a corresponding decrease in administrative and general expenses.

THE GRAND UNION COMPANY AND ITS SUBSIDIARIES

SUMMARY OF EARNINGS

The following condensed summary of earnings of the Company and its subsidiaries has been examined by Lybrand, Ross Bros. & Montgomery, independent certified public accountants, as indicated by their opinion appearing herein. The summary should be read in conjunction with the applicable financial statements and related notes set forth elsewhere in this Prospectus.

	Net Sales	Gross Profit	Selling, General and Administrative Expenses	Interest on Promissory Notes Payable and Debentures	Other Income and Deductions* Net	Federal and Canadian Taxes on Income(3)	Net Income(2)
	Thousands of Dollars						
Fiscal periods ended (1):							
February 26, 1949	\$116,069	\$22,439	\$19,408	\$118	\$ 90	\$1,225	\$1,778
February 25, 1950	135,003	26,373	22,479	118	9	1,620	2,165
March 3, 1951	161,007	30,831	26,275	125	24*	2,225	2,182
March 1, 1952	179,395	31,134	27,816	200	32*	1,285	1,801
February 28, 1953	184,056	32,184	28,924	213	4	1,325	1,726
February 27, 1954	201,793	37,430	32,795	309	77	2,075	2,328
February 26, 1955	219,453	41,573	35,617	377	43	2,750	2,872
March 3, 1956	283,003	53,560	45,817	523	64	3,700	3,584
March 2, 1957	374,155	73,623	62,893	579	102*	5,000	5,049
March 1, 1958	427,871	85,966	73,688	699	4	5,770	5,813

NOTES:

1. The Company's fiscal periods comprise fifty-two weeks each, except for the March 3, 1951 and March 3, 1956 periods which consist of fifty-three weeks.
2. Prior to March 4, 1951 the Company charged the costs of leasehold improvements in stores to expense when incurred. Effective March 4, 1951, the Company changed its accounting practice and since that time has amortized such costs over the lives of the respective leases or the estimated useful lives of the improvements, whichever is shorter. This change was made in recognition of the generally longer terms of leases which were being entered into and the substantially increased cost of leasehold improvements. During the fifty-two weeks ended March 1, 1952, the cost of leasehold improvements in stores was \$505,922 and \$45,329 was charged to income as amortization of leasehold improvements. The provision made for federal taxes on income was not affected by this change.
3. Federal taxes on income include Excess Profits Taxes of \$225,000 for the fiscal period ended March 3, 1951, and include an Excess Profits Tax credit of \$210,000 for the fiscal period ended March 1, 1952 under the "carry-back" provisions of the Internal Revenue Code.
4. Rents charged to income for the fiscal periods ended in 1949 through 1958, inclusive, amounted to \$1,163,129, \$1,372,637, \$1,543,003, \$1,865,977, \$1,988,514, \$2,192,606, \$2,548,252, \$3,529,169, \$4,778,049 and \$5,972,930, respectively.

STATUTORY INFORMATION

- (a) The full name of the Company is Grand Union Investments Limited. The address of its head office is 75 Rexdale Boulevard, Toronto, Ontario.
- (b) The Company was incorporated by Letters Patent dated June 26, 1958, issued under The Corporations Act, 1953, of the Province of Ontario.
- (c) The general nature of the business to be carried on by the Company is that of an investment company and the investment powers and duties set out in the Letters Patent are as follows:

To purchase or otherwise acquire and to hold, sell, exchange, dispose of, invest and deal in property, real or personal, rights and assets, including without limitation, bonds, debentures, debenture stock, shares of all classes and securities of any form or type.

- (d) The names, present occupations and home addresses of the officers and directors of the Company are as follows:

OFFICERS

<i>President</i>	LANSING PETER SHIELD	7 Chestnut Ridge Road, Saddle River, New Jersey, U.S.A.
<i>Managing Director</i>	ROBERT FRANK DeWEESE	160 Pinehurst Drive, Oakville, Ontario.
<i>Secretary Treasurer</i>	JOHN HENRY MILBANK	211 Radley Road, Port Credit, Ontario.

DIRECTORS

THOMAS CLIFTON BUTLER	Vice President and Treasurer,	565 Ridgewood Avenue, The Grand Union Company, Glen Ridge, New Jersey, U.S.A. East Paterson, New Jersey, U.S.A.
ALBERT PERRINE CRAIG	Vice President,	7 York Ridge Road, Trans Canada Pipe Lines Willowdale, Ontario. Limited, Toronto, Ontario; and Calgary, Alberta.
ROBERT FRANK DeWEESE	Executive Vice President,	160 Pinehurst Drive, Grand Union-Carroll's Limited, Oakville, Ontario. Toronto, Ontario.
JOHN HENRY MILBANK	Secretary Treasurer,	211 Radley Road, Grand Union-Carroll's Limited, Port Credit, Ontario. Toronto, Ontario.

LANSING PETER SHIELDPresident,7 Chestnut Ridge Road,
The Grand Union Company, Saddle River, New Jersey, U.S.A.
East Paterson, New Jersey, U.S.A.

GORDON DORWARD

DESALABERRY WOTHERSPOON,

Q.C.Partner,5 Whitney Avenue,
Osler, Hoskin & Harcourt, Toronto, Ontario.
Barristers & Solicitors,
Toronto, Ontario.

- (f) The auditors of the Company are Messrs. Coopers & Lybrand, 15 King Street West, Hamilton, Ontario.
- (g) The only registry and transfer agency is maintained by the Company at the head office of the Company at 75 Rexdale Boulevard, Toronto, Ontario.
- (h) The authorized share capital of the Company is \$100,000 divided into 100,000 common shares of the par value of \$1 each. As of the date of this prospectus 100,000 common shares have been issued all as fully paid and non-assessable to The Grand Union Company except for directors qualifying shares.
- (k) The Royal Trust Company, 66 King Street West, Toronto, Ontario, is the Trustee to be named in the Trust Indenture to be dated as of September 5, 1958, to be entered into between the Company and The Royal Trust Company to secure the 6% Redeemable Bonds issued by the Company, particulars of which Trust Indenture are referred to in paragraph (za) hereof.
- (l) No substantial indebtedness is to be created or assumed which is not shown on the balance sheet of the Company dated August 30, 1958, forming part of this prospectus except for the principal amount of the 6% Redeemable Bonds now being offered. The security for this indebtedness will be as stated in paragraph (za) hereof.
- (n) The Company will offer for sale to customers of Grand Union stores of Carroll's Limited situate in Canada ("Grand Union stores") a \$23, 6% Redeemable Bond against subscription and presentation and surrender of a completed seal book (the "seal book") worth \$23, containing "seals" purchased at a cost to the customers of \$22 from the said Grand Union stores in conjunction with the purchase of merchandise from such stores. This subscription and purchase through surrender of a seal book will be conducted by the store managers of each of the said Grand Union stores who will be employed as salesmen for this purpose by the Company.

The offer for sale of the 6% Redeemable Bonds of the Company may be terminated at any time hereafter at the option of the Company, however, all seals previously purchased will be redeemable at the said Grand Union stores for cash at their face value.

- (o) The correct description of the securities offered by this prospectus is 6% Redeemable Bonds, in this prospectus generally referred to as "6% Redeemable Bonds" and sometimes referred to as "SAV-A-BONDS". The Bonds will be issued only in bearer form in the denomination of \$23 and will be limited to an aggregate principal amount of \$5,000,000. Each Bond will be dated as of the first day of the calendar month in which it is issued and shall mature six years from such date. The Bonds will bear interest in the amount of \$2 in respect of the period of one year commencing with the date of issue and in the event that the Bond is not redeemed by the holder upon the expiry of the said period of one year such interest shall become principal and shall bear interest at the rate of 6% per annum payable three times a year in lawful money of Canada at the said Grand Union stores or branches of a Canadian chartered bank designated in the Bonds.

Each 6% Redeemable Bond will be redeemable at any time prior to its maturity date at the option of the holder at any of the said Grand Union stores or branches of a Canadian chartered bank designated in the Bonds at any time during the period of the said year commencing with its date of issue for \$23 and at any time thereafter for \$25 in either case upon surrender of the bond with all unmatured coupons attached. Interest will be paid only on coupons that have matured on or prior to the date of redemption.

The Bonds shall be redeemable at any of the said Grand Union stores or branches of a Canadian chartered bank designated in the Bonds at the option of the Company at any time after the expiry of the period of one year commencing with its date of issue upon notice being given by the Company as will be provided in the Trust Indenture for \$25 and interest accrued thereon at the rate of 6% per annum to the redemption date payable upon surrender of the Bond with all unmatured coupons attached. In the event that the redemption date is other than a coupon payment date the Company will pay interest to the coupon payment date next following the redemption date.

- (p) The Company is unable to estimate the total net proceeds to be derived from the securities offered by this prospectus. However on the basis of all the Bonds being issued the total net proceeds will be \$4,600,000 less expenses of the issue.
- (q) The proceeds to be received by the Company from the sale of the 6% Redeemable Bonds offered by this prospectus will be used for its general corporate purposes and as such may be invested in whole or in part from time to time in securities including the loaning of moneys to Carroll's Limited for such company's general corporate purposes.
- (t) The by-laws of the Company provide that the board of directors shall have the power by resolution to fix and provide for the remuneration of the directors from time to time.
- (u) No remuneration has been paid by the Company to its directors or officers. During the current financial year of the Company which ends on February 28, 1959, it is estimated that approximately \$500 will be paid by the Company to its directors as such and nothing will be paid to its officers as such.
- (w) The amount of preliminary expenses of the Company (not including expenses incurred or to be incurred in connection with the sale of the 6% Redeemable Bonds offered by this prospectus) is estimated to be \$1000.
- (za) The 6% Redeemable Bonds will be secured by the Trust Indenture to be dated as of the 5th day of September, 1958, which in the opinion of Counsel will constitute a first floating charge upon the undertaking and all the present and future property and assets of the Company situate in the Province of Ontario subject however, to the right of the Company until such security is enforced to deal with its property and assets in the ordinary course of business and to borrow and give security in the ordinary course of business. The Grand Union Company of which the Company and Carroll's Limited are directly or indirectly wholly owned subsidiaries has entered into an Agreement with The Royal Trust Company, Trustee, guaranteeing payment of the principal and interest on all the 6% Redeemable Bonds and all other moneys required to be paid to the Trustee by the Company in accordance with the terms of the Trust Indenture. The balance sheet as of March 1, 1958, of The Grand Union Company is attached hereto and forms part of this prospectus. The nature of the Company's title to its property and assets presently owned is full ownership. Inasmuch as the security of the 6% Redeemable Bonds will be a floating charge on all the Company's property and assets howsoever acquired and there

are no restrictions on the nature of the title of the Company to its property it is not possible to state the nature of the Company's title to its property to be acquired as aforesaid.

(ze) Except as hereinafter set out none of the Directors of the Company had or has any personal interest in the promotion of the Company or in any property acquired or to be acquired by the Company.

L. P. Shield is a Director and the President of each of The Grand Union Company, Grand Union-Carroll's Limited and of Carroll's Limited; T. C. Butler is a Director and a Vice-President and Treasurer of The Grand Union Company and is a Director of Grand Union-Carroll's Limited and of Carroll's Limited; R. F. DeWeese is a Director and Executive Vice-President of Grand Union-Carroll's Limited and of Carroll's Limited; and J. H. Milbank is a Director and Secretary and Treasurer of Grand Union-Carroll's Limited and Carroll's Limited.

Except for directors' qualifying shares The Grand Union Company owns all the issued and outstanding shares of the Company. Grand Union-Carroll's Limited is a wholly owned subsidiary of The Grand Union Company and Carroll's Limited is in turn a wholly owned subsidiary of Grand Union-Carroll's Limited.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by section 40 of The Securities Act (Ontario) and there is no further material information applicable other than in the financial statements or reports where required.

DATED at Toronto, September 15, 1958.

DIRECTORS

(Signed) THOMAS C. BUTLER
By his Agent J. H. MILBANK

(Signed) A. P. CRAIG

(Signed) R. F. DEWEESE

(Signed) J. H. MILBANK

(Signed) LANSING P. SHIELD
By his Agent R. F. DEWEESE

(Signed) G. D. WOTHERSPOON